



CHAIRMAN

## Federal Communications Commission

Washington, D.C.

December 29, 2004

The Honorable Michael D. Gallagher  
Assistant Secretary for Communications and Information  
U.S. Department of Commerce  
1401 Constitution Avenue, N.W.  
Washington, D.C. 20230

Dear Assistant Secretary Gallagher:

Congratulations on the enactment of the Commercial Spectrum Enhancement Act ("CSEA"),<sup>1</sup> which was due in large part to your advocacy on behalf of the Administration. I am confident that the relocation trust fund mechanism that Congress has established will result in successful auctions, smooth relocation of important government operations and, most importantly, competitive high quality communications services being provided to American consumers. For all of us who believe in the future of wireless broadband, it is truly a banner day.

Pursuant to the provisions of CSEA, the purpose of this letter is to notify the National Telecommunications and Information Administration ("NTIA") that the Federal Communications Commission plans to commence the auction of licenses in the 1432-1435 MHz band and the 1710-1755 MHz band as early as June 2006. As you know, the CSEA requires the Commission to notify the NTIA at least 18 months prior to the commencement of any auction of eligible frequencies identified in the legislation, including the above-referenced bands. The legislation also requires NTIA to notify the Commission at least 6 months prior to the auction of estimated relocation costs and timelines for the relocation of Federal entities from the bands.

The Commission has adopted service rules for the 1432-1435 MHz band and other bands transferred from Federal government use, including provisions for licensing and competitive bidding.<sup>2</sup> The Commission originally planned to conduct an auction of licenses in this band in September 2002 but later postponed the auction.<sup>3</sup> NTIA has previously notified the Commission that there are no estimated relocation costs associated with the 1432-1435 MHz band.<sup>4</sup> Accordingly, licenses for this band are ready to be auctioned, and the Commission plans to commence such auction in July or August 2006.

<sup>1</sup> H.R. 5419, 108<sup>th</sup> Cong. § 201 (2004).

<sup>2</sup> Amendments to Parts 1, 2, 27 and 90 of the Commission's Rules to License Services in the 216-220 MHz, 1390-1395 MHz, 1427-1429 MHz, 1429-1432 MHz, 1432-1435 MHz, 1670-1675 MHz, and 2385-2390 MHz Government Transfer Bands, WT Docket 02-8, *Report and Order*, 17 FCC Rcd 9980 (2002), on reconsideration, 18 FCC Rcd 16920 (2003).

<sup>3</sup> See 1392-1395 and 1432-1435 MHz, 1390-1392 MHz, 1670-1675 MHz, and 2385-2390 MHz Bands Auction Scheduled For September 18, 2002, Comment Sought on Reserve Prices or Minimum Opening Bids and Other Auction Procedural Issues, *Public Notice*, 17 FCC Rcd 9600 (2002); Auction No. 46, Revised Inventory and Auction Start Date, Comment Sought on Revisions to Auction Procedures, *Public Notice*, 17 FCC Rcd 13421 (2002).

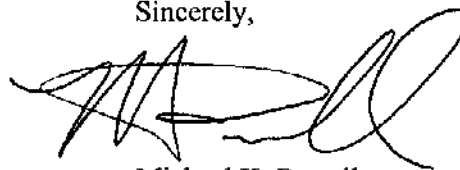
<sup>4</sup> See Letter from William T. Hatch, Associate Administrator, Office of Spectrum Management, National Telecommunications and Information Administration to Bruce Franca, Acting Chief, Office of Engineering and Technology, Federal Communications Commission, dated December 19, 2001 (eliminating its previous estimate of \$147 million in relocation costs).

In November 2003, the Commission adopted service rules for the 1710-1755 and 2110-2155 MHz bands, including provisions for licensing and competitive bidding.<sup>5</sup> While several petitions for reconsideration have been filed in that proceeding, we expect to resolve those in the near future. Accordingly, licenses for these bands will also be ready to be auctioned, and the Commission plans to commence such auction in June 2006.

The CSEA contains other important provisions governing competitive bidding, relocation and financial procedures that are to be implemented by NTIA, the Commission and other agencies. I therefore suggest the formation of a joint working group on federal relocation related to the auctions of the bands mentioned above. Like the successful efforts of the "Intra-Government 3G Planning Group" in 2002, such a group would help facilitate efficient auctions and the timely and effective relocation of government incumbents.

I look forward to continuing our successful partnership in advancing America's broadband future.

Sincerely,

A handwritten signature in black ink, appearing to read 'Michael K. Powell', with a large, stylized initial 'M' and a long horizontal stroke extending to the right.

Michael K. Powell

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<sup>5</sup> Service Rules for the Advanced Wireless Services in the 1.7 GHz and 2.1 GHz Bands, *Report and Order*, WT Docket No. 02-353, 18 FCC Rcd 25162 (2003), *recons. pending*. In October 2004, the Commission identified relocation spectrum for Federal incumbents in the 1710-1755 MHz band. Amendment of Part 2 of the Commission's Rules to Allocate Spectrum Below 3 GHz for Mobile and Fixed Services to Support the Introduction of New Advanced Wireless Services, Including Third Generation Wireless Systems, ET Docket No. 00-258, WT Docket No. 02-8, *Seventh Report and Order*, 19 FCC Rcd 21350 (2004).